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MELVILLE SHOE CORPORATION

OTIS & CO.
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Annual Report

1929

MELVILLE SHOE CORPORATION

Operating

"John Ward Men's Shoes"
"Rival Shoe Stores"
"Thom McAn"

Annual Report 1929

MELVILLE SHOE CORPORATION
555 Fifth Avenue, New York

MAY 24-32 OTIS HG

To Our Stockholders:

I submit herewith for your consideration the Annual Report of the Melville Shoe Corporation for the year ending December 31, 1929.

The sales of your Corporation for 1929 amounted to $25,520,675.15, as compared with $22,552,353.43 for 1928, an increase of 13.16%.

The net profits for 1929 after taxes and all charges were $1,594,216.07, as compared with $1,657,139.27 for 1928.

The year comprehended an important development in our new chain of Thom McAn stores handling women's shoes as well as men's and boys' shoes, for which purpose we now have operating 180 stores. The decrease in net earnings was primarily due to our determination to secure a larger volume of business in this new chain of stores. Owing to the cost of this development, the expenses of your Corporation necessarily increased in a greater proportion than would have been the case in ordinary years, but we feel that this expense in establishing on a firm footing this new division of our business will be justified during the coming year.

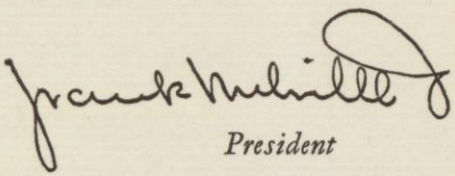
The Corporation's balance sheet presents a strong position, its current assets being $5,836,539.11 in comparison with current liabilities of $1,146,128.62, a ratio of five to one, as against two and a half to one at the close of 1928. Cash in banks and on hand alone exceeded all current liabilities by more than $500,000 at the end of 1929.

I call particularly to your attention the fact that during the year the mortgages payable were reduced by $250,000, while notes payable, which at the beginning of the year stood at $900,000, were entirely paid off. The amount of first preferred stock was reduced by $75,000, so that the amount outstanding at the end of the year was $2,425,000.

At the end of the year we had in operation 459 stores, showing a net increase of 49 stores over the number in operation at December 31, 1928. We plan a continued expansion of our operations to the extent justified by general business conditions, and propose to direct our attention to the further reduction of operating expenses, which should be reflected in the net profits for the current year.

I take this occasion to express the appreciation of the Board to the executives and employees who have made possible the continued success of our business.

Respectfully submitted,



February 18, 1930

President

MELVILLE SHOE CORPORATION.

OFFICERS

Frank Melville, Jr.
President

Ward Melville
Vice-President

Elbert R. Allen
Treasurer

Joel E. Fisher
Secretary

Cyril J. Richards
Assistant Treasurer

DIRECTORS

Frank Melville, Jr.

Ward Melville

William Fitch Allen

Frederick S. Little

J. Franklin McElwain

Joseph L. Merrill

Harry Eliot Robinson

MELVILLE SHOE CORPORATIO

CONSOLIDATED

As at Dece

ASSETS

Current Assets:		
Cash in Banks and on Hand		$1,686,574.77
Accounts and Notes Receivable		194,536.85
Inventories, at Cost or Market, whichever is lower		3,955,427.49
Total Current Assets		$5,836,539.11
Advances to Officers and Employees		13,346.99
Prepaid Insurance, Rents, etc., and Supplies		189,602.08
Investments:		
Life Insurance Policies, Cash Surrender Value	$35,175.80	
Stocks of Other Companies, at Cost	26,800.00	
		61,975.80
Fixed Assets:		
Land and Buildings, Worcester	$440,639.27	
Store and Office Fixtures, and Improvements to Leased Store Properties, and Miscellaneous Equipment	3,949,938.62	
	$4,390,577.89	
Less Reserve for Depreciation	1,344,601.69	
		3,045,976.20
Deferred Charges		86,064.94
		$9,233,505.12

N AND SUBSIDIARY COMPANY

BALANCE SHEET

ber 31, 1929

LIABILITIES

Current Liabilities:			
Acceptances Payable, Banks			$34,779.44
Accounts Payable			820,046.55
Accrued Liabilities			95,791.68
Federal Income Tax to December 31, 1929, Estimated			195,510.95
Total Current Liabilities			$1,146,128.62
Deposits on Sub-leases, and Store Managers' Security Deposits			107,612.95
Mortgage Payable			250,000.00
Reserves for Self-insurance, Advertising, Store Front Replacement, etc.			86,317.48
Capital Stock and Surplus:			
6% Cumulative, First Preferred Stock, $100.00 par Value; Authorized, 50,000 Shares; Issued, 25,000 Shares	$2,500,000.00		
Less 750 Shares Retired	75,000.00		
		$2,425,000.00	
6% Cumulative, Second Preferred Stock, $5.00 par Value; Authorized and Issued, 100,000 Shares		500,000.00	
Common Stock, No Par Value; Authorized, 500,000 Shares; Issued, 354,376 Shares, Declared Value, $1.25		442,970.00	
Common Stock Warrants, Entitling Holders to Purchase 22,500 Shares at $100.00 per Share on or Before August 1, 1931		.....	
Paid in Surplus		835,349.00	
Operating Surplus		3,440,127.07	
			7,643,446.07
Contingent Liabilities:			
Unused Letters of Credit		$66,602.31	
As Endorser on Note of Broadway Block Corp.		$125,000.00	
			$9,233,505.12

MELVILLE SHOE CORPORATION AND SUBSIDIARY COMPANY

Consolidated Profit and Loss Account

For the Year Ended December 31, 1929

Sales			$25,520,675.15
Cost of Sales			17,042,711.00
Gross Profit			$8,477,964.15
Store Operating and General and Administrative Expenses		$6,535,497.92	
Depreciation		424,951.70	
			6,960,449.62
Net Operating Profit of Stores			$1,517,514.53
Miscellaneous Income		$315,672.38	
Less:			
Interest Paid	$53,346.95		
Miscellaneous Charges	49,102.69		
		102,449.64	
			213,222.74
Net Profit of Selling Company			$1,730,737.27
Add Net Income of Subsidiary Company			58,989.75
			$1,789,727.02
Federal Income Tax, Estimated			195,510.95
Net Income			$1,594,216.07
Earned on Amount of Common Shares Outstanding at End of Period After Deducting Preferred Dividends Paid			$3.99

Consolidated Operating Surplus Account

Balance, as at December 31, 1928			$2,587,537.24
Add:			
Net Income for the Year Ended December 31, 1929		$1,594,216.07	
Discount on 750 Shares Preferred Stock Retired		1,632.00	
			1,595,848.07
			$4,183,385.31
Deduct:			
Dividends Paid:			
First Preferred Stock, 6%	$148,716.00		
Second Preferred Stock, 6%	29,992.21		
Common Stock, $1.40 per Share	496,126.40		
		$674,834.61	
Loss on Sale of New York Leasehold Property		59,443.18	
Discount on Common Stock Purchased for Sale to Employees		8,493.80	
Adjustment of 1928 Provision for Federal Income Tax		486.65	
			743,258.24
Balance, as at December 31, 1929			$3,440,127.07

Certificate of Auditors

We have audited the books and accounts of Melville Shoe Corporation and its subsidiary company for the year ended December 31, 1929, and certify that the attached Balance Sheet and Profit and Loss Account have been prepared therefrom and, in our opinion, correctly present the combined financial position of the Companies at December 31, 1929, and the result of their operations for the period.

Peat, Marwick, Mitchell & Co.

WORCESTER, MASS.
February 7, 1930

LIST OF STORES
MELVILLE SHOE CORPORATION

As of December 31, 1929

JOHN WARD—12 STORES

New York	9	Newark	1
Brooklyn	1	Philadelphia	1

RIVAL—29 STORES

New York	14	Newark	2
Brooklyn	5	Paterson	1
Astoria	1	West New York	1
Philadelphia	4	Baltimore	1

THOM McAN—418 STORES

Alabama (5)
- Anniston . . . 1
- Birmingham . . . 2
- Ensley . . . 1
- Mobile . . . 1

Arkansas (1)
- Little Rock . . . 1

Colorado (2)
- Denver . . . 2

Connecticut (12)
- Bridgeport . . . 1
- Danbury . . . 1
- Hartford . . . 2
- New Britain . . . 1
- New Haven . . . 2
- New London . . . 1
- Norwich . . . 1
- South Manchester . . . 1
- Torrington . . . 1
- Waterbury . . . 1

Delaware (1)
- Wilmington . . . 1

District of Columbia (3)
- Washington . . . 3

Florida (6)
- Jacksonville . . . 1
- Lakeland . . . 1
- Miami . . . 1
- Pensacola . . . 1
- Tampa . . . 2

Georgia (4)
- Atlanta . . . 2
- Macon . . . 1
- Savannah . . . 1

Illinois (14)
- Chicago . . . 9
- Danville . . . 1
- Jacksonville . . . 1
- Kankakee . . . 1
- Quincy . . . 1
- Rock Island . . . 1

Indiana (12)
- Evansville . . . 1
- Fort Wayne . . . 1
- Gary . . . 1
- Indianapolis . . . 2
- Kokomo . . . 1
- Logansport . . . 1
- Marion . . . 1
- Michigan City . . . 1
- Muncie . . . 1
- Richmond . . . 1
- Terre Haute . . . 1

Iowa (6)
- Cedar Rapids . . . 1
- Clinton . . . 1
- Davenport . . . 1
- Des Moines . . . 1
- Marshalltown . . . 1
- Ottumwa . . . 1

Kansas (1)
- Atchison . . . 1

Kentucky (7)
- Covington . . . 1
- Lexington . . . 1
- Louisville . . . 2
- Newport . . . 1
- Owensboro . . . 1
- Paducah . . . 1

LOUISIANA (5)
- Baton Rouge . . . 1
- New Orleans . . . 3
- Shreveport . . . 1

MAINE (1)
- Portland . . . 1

MARYLAND (3)
- Baltimore . . . 3

MASSACHUSETTS (47)
- Allston . . . 1
- Boston . . . 6
- Cambridge . . . 1
- Charlestown . . . 1
- Chelsea . . . 1
- Dorchester . . . 3
- East Boston . . . 1
- Everett . . . 1
- Fall River . . . 2
- Fitchburg . . . 1
- Gardner . . . 1
- Gloucester . . . 1
- Greenfield . . . 1
- Haverhill . . . 1
- Holyoke . . . 1
- Hyde Park . . . 1
- Lawrence . . . 1
- Lowell . . . 1
- Lynn . . . 1
- Malden . . . 1
- Medford . . . 1
- New Bedford . . . 2
- Norwood . . . 1
- Pittsfield . . . 1
- Quincy . . . 1
- Roxbury . . . 2
- Salem . . . 1
- Somerville . . . 1
- South Boston . . . 1
- Springfield . . . 1
- Taunton . . . 1
- Wakefield . . . 1
- Waltham . . . 1
- Westfield . . . 1
- Woburn . . . 1
- Worcester . . . 2

MICHIGAN (13)
- Detroit . . . 4
- Flint . . . 1
- Grand Rapids . . . 1
- Jackson . . . 1
- Highland Park . . . 1
- Kalamazoo . . . 1
- Lansing . . . 1
- Muskegon . . . 1
- Pontiac . . . 1
- Port Huron . . . 1

MINNESOTA (7)
- Duluth . . . 1
- Minneapolis . . . 3
- St. Paul . . . 2
- Winona . . . 1

MISSISSIPPI (2)
- Greenville . . . 1
- Vicksburg . . . 1

MISSOURI (7)
- Joplin . . . 1
- Kansas City . . . 1
- St. Joseph . . . 1
- St. Louis . . . 3
- Sedalia . . . 1

NEBRASKA (4)
- Lincoln . . . 1
- Omaha . . . 3

NEW HAMPSHIRE (1)
- Portsmouth . . . 1

NEW JERSEY (22)
- Atlantic City . . . 1
- Bayonne . . . 1
- Camden . . . 2
- Elizabeth . . . 1
- Harrison . . . 1
- Hoboken . . . 1
- Jersey City . . . 5
- Long Branch . . . 1
- Newark . . . 3
- New Brunswick . . . 1
- Passaic . . . 1
- Paterson . . . 1
- Trenton . . . 1
- West New York . . . 1
- Union City . . . 1

NEW YORK (103)
- New York City . . . 39
- Brooklyn . . . 32
- Long Island . . . 10
- Staten Island . . . 1
- Albany . . . 2
- Amsterdam . . . 1
- Buffalo . . . 3
- Cohoes . . . 1
- Elmira . . . 1
- Kingston . . . 1
- Niagara Falls . . . 1
- Oneonta . . . 1
- Poughkeepsie . . . 1
- Rochester . . . 2
- Rome . . . 1
- Schenectady . . . 1
- Syracuse . . . 1
- Utica . . . 1

NEW YORK (*Continued*)
- Watertown . . . 1
- Yonkers . . . 2

NORTH CAROLINA (4)
- Charlotte . . . 1
- Raleigh . . . 1
- Wilmington . . . 1
- Winston-Salem . . . 1

OHIO (29)
- Akron . . . 1
- Ashtabula . . . 1
- Canton . . . 1
- Cincinnati . . . 4
- Cleveland . . . 3
- Columbus . . . 2
- Dayton . . . 2
- Elyria . . . 1
- Findlay . . . 1
- Lima . . . 1
- Lorain . . . 1
- Mansfield . . . 1
- Marietta . . . 1
- Marion . . . 1
- Newark . . . 1
- Piqua . . . 1
- Portsmouth . . . 1
- Springfield . . . 1
- Toledo . . . 2
- Youngstown . . . 2

OKLAHOMA (1)
- Oklahoma City . . . 1

PENNSYLVANIA (43)
- Philadelphia . . . 18
- Allentown . . . 1
- Altoona . . . 1
- Ambridge . . . 1
- Ardmore . . . 1
- Beaver Falls . . . 1
- Braddock . . . 1
- Chambersburg . . . 1
- Chester . . . 1
- Coatesville . . . 1
- Easton . . . 1
- Erie . . . 1
- Lancaster . . . 1
- Nanticoke . . . 1
- Pittsburgh . . . 4
- Plymouth . . . 1
- Pottstown . . . 1
- Reading . . . 1
- Scranton . . . 1
- South Bethlehem . . . 1
- Upper Darby . . . 1
- Wilkes-Barre . . . 1
- Williamsport . . . 1

RHODE ISLAND (6)
- Pawtucket . . . 1
- Providence . . . 3
- West Warwick . . . 1
- Woonsocket . . . 1

SOUTH CAROLINA (4)
- Charleston . . . 1
- Columbia . . . 1
- Greenville . . . 1
- Spartanburg . . . 1

SOUTH DAKOTA (1)
- Sioux Falls . . . 1

TENNESSEE (6)
- Chattanooga . . . 1
- Johnson City . . . 1
- Knoxville . . . 1
- Memphis . . . 2
- Nashville . . . 1

TEXAS (15)
- Abilene . . . 1
- Brownwood . . . 1
- Corsicana . . . 1
- Dallas . . . 2
- Fort Worth . . . 2
- Galveston . . . 1
- Greenville . . . 1
- Houston . . . 2
- San Antonio . . . 2
- Texarkana . . . 1
- Wichita Falls . . . 1

VERMONT (1)
- Burlington . . . 1

VIRGINIA (8)
- Alexandria . . . 1
- Charlottesville . . . 1
- Petersburg . . . 1
- Portsmouth . . . 1
- Richmond . . . 1
- Roanoke . . . 1
- Norfolk . . . 1

WEST VIRGINIA (5)
- Bluefield . . . 1
- Charleston . . . 1
- Clarksburg . . . 1
- Huntington . . . 1
- Martinsburg . . . 1

WISCONSIN (6)
- Eau Claire . . . 1
- Janesville . . . 1
- Milwaukee . . . 2
- Sheboygan . . . 1
- Superior . . . 1